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White House jobs forum focuses on job creation

By The Associated Press

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-- Participants in President Barack Obama's jobs forum Thursday broke into six groups to discuss job creation strategies. Summaries of the discussions in each group.

Creating Jobs by Rebuilding Infrastructure

President Barack Obama told more than 20 labor, industry, and local officials that government faces a dilemma when it tries to use highway, rail, aviation and other infrastructure projects to create jobs.

The "tension," said Obama, is between projects that can put people to work quickly, which tend to be upkeep and repair work, and the more "visionary" projects that require planning and time to implement but don't produce jobs as fast.

Obama responded warmly to endorsements from several participants of a national infrastructure bank, a concept he backed on the campaign trail. Such a bank would use public and private capital to fund projects. Obama said the bank would take politics out of the project selection process and "leverage private sector dollars that are right now sitting on the sidelines."

Gerard Arpey, chairman of American Airlines and [AMR Corp.](#), made a pitch for more funding for a new air traffic control system based on GPS technology instead of World War II-era radar technology.

The Federal Aviation Administration anticipates spending \$15 billion to \$22 billion on the "NextGen" program, which is expected to be completed around 2020. But FAA's plans also call for airlines to shell out an additional \$14 billion to \$20 billion to install equipment their planes would need to use the new system. Airlines, many of which are in financial trouble, want the government to pick up the entire tab for a new air traffic control system.

Green Jobs of the Future

Tens of thousands of jobs could be produced quickly if financing were available to improve the energy efficiency of commercial buildings and millions of homes, participants said.

Tom Soto, managing partner at Craton Equity Partners, said his private investment fund in Los Angeles has provided financing for clean technology businesses and environmental technology. But he said special federal financing is needed, as is encouragement for investors like public pension funds to back such projects.

Energy Secretary Steven Chu said the impact could be immediate if the federal government could find a way to promote financing at a time when credit is scarce.

The federal government also could pave the way for thousands of jobs producing and installing solar panels in homes by offering grants to permit offices and rebate centers. The permitting process now can take as long as a year for strapped local offices, said Lynn Jurich of SunRun Solar service company of San Francisco.

Chu advocated targeting communities, one neighborhood at a time, with energy-efficiency teams of contractors that would go through conducting energy audits and retrofitting homes with insulation, more efficient windows and other improvements, one house a time.

Obama told the group that a future administration jobs proposal would include energy efficiency and weatherization projects. He cited the success of the administration's Cash for Clunkers program, noting car companies carried much of the marketing responsibilities that helped make the effort so popular. Home improvement companies like [Home Depot](#) would be key as partners in any future jobs program focusing on energy efficiencies, Obama told company chairman Frank Blake.

Small Business Job Growth

Small business owners relayed stories of frozen or tightening credit lines and complained that in many cases they can't get credit and don't know why. They blamed a restrictive regulatory environment.

Treasury Secretary Timothy Geithner made clear that the government was willing to take on credit risk to boost growth so long as it brings good returns. He said the government aid will come in the form of "tax incentives, credit and capital, expansion of SBA programs and well-designed regulatory relief," much of it coming from unused bank bailout funds.

"We have tried to make sure we are relaxing credit constraints, our challenge is how to do it," he said.

"A pretty good summary of today is we need 'teeth behind the incentives,'" Geithner said.

Eric Schmidt of [Google Inc.](#) said small business owners on average are running their business well and making their payroll every week, but "they just don't have capital and they can't get financing."

"They don't know why," Schmidt said, blaming a tougher regulatory environment and lending restrictions.

Columbia professor Joseph Stiglitz said the U.S. needs to think more creatively to encourage bankers to lend. He suggested that the U.S. follow the lead of other countries which require banks to lend 10 percent to small businesses. He also said the companies that get government lending should be able to show that they are creating jobs rather than use the money for speculative lending. "It's reasonable not to give money to [Goldman Sachs](#) if they are using it for speculative purposes," he said.

Preparing Workers and Strengthening Main Street

Labor Secretary Hilda Solis and Melody Barnes, director of Obama's Domestic Policy Council, led a discussion on worker training with about two dozen representatives of organized labor, small business owners, nonprofit heads and elected officials.

Training workers for available jobs is key, participants said.

Barry Rand, CEO of AARP, the organization for people over age 50, suggested the government provide incentives for companies to bring back jobs from overseas, where he says once dirt-cheap wages have doubled or even tripled in recent years.

He suggested that government incentives might be used to bring such jobs back.

Sal Iannuzzi, chief executive of [Monster Worldwide Inc.](#), the job listings company, said the unemployment problem is bigger than the 10.2 percent national rate the government reported for October. A member of the board of New York's Long Island University, Iannuzzi said only 20 percent of the Class of 2009 has found jobs.

"The jobs just aren't there," he said. He argued for getting capital to small business to create jobs and said the fact that [Bank of America](#) has announced plans to pay back \$45 billion in government bailout aid, instead of making more credit available, is "not good news."

"The issue of education is a huge issue," Iannuzzi added.

Randi Weingarten, president of the American Federation of Teachers, urged consideration of "co-locating" training and other services for parents either after hours or on weekends in the schools where their kids learn during the day.

"This is a good model to move some things quickly," Weingarten said.

Expanding Job Opportunities through Imports

Arguing that increasing U.S. exports is "a short-term imperative," National Economic Council director Larry Summers asked business and labor leaders what it would take to boost exports during the next five years.

The CEOs at the conference table said corporate tax structures need to be changed so that they don't encourage U.S. companies to invest overseas. They also said the tax codes discourage spending on equipment and software needed to boost exports.

Disney chief Bob Iger told the group it costs more to produce films in the United States because of its corporate tax structure. A film made in the United States faces 35 percent taxes on exports, while the same film in Ireland would face a 12.5 percent tax rate.

Labor leaders called for strong Buy America provisions in trade deals to protect U.S. products and workers. Teamsters chief James Hoffa turned to the table repeatedly and asked the business leaders variations on the same question: "How do we make things here that can be exported?"

"Our products are much cheaper than they were but we're not selling any more," Hoffa said, referring to the weakened U.S. dollar.

Some companies already are embracing approaches to boost exports.

"Most of our growth will rely on exports going forward," said Greg Bentley, co-founder of software company Bentley Systems.

Encouraging Business Competitiveness and Job Creation

Several business leaders meeting with Commerce Secretary Gary Locke said the government should help small companies grow with a variety of incentives and tax credits that encourage research and development and job creation.

William McComb, CEO of retailer [Liz Claiborne Inc.](#), said his company has struggled with the credit freeze imposed by its lenders.

"A rolling two-year payroll tax credit or exemption for net new employees could be very effective for certain parts of the business," McComb said.

Alan Blinder, a Princeton professor who was Fed vice chairman in the mid-1990s, urged the government to hire people to work on the public payroll as President Franklin Delano Roosevelt did in the 1930s. He said 1 million new low wage jobs could be created to fix streets, build parks, or aid public school teachers. Blinder said another 1 million private sector jobs could be created through a new jobs tax credit.

AFL-CIO president Richard Trumka urged the White House to use leftover money from the \$700 billion Wall Street bailout package to help struggling small businesses create jobs.

Trumka, head of the nation's largest labor federation, also urged the government to spend more on infrastructure projects, extend unemployment benefits and increase aid to state and local governments.

Detroit Mayor David Bing said his city has plenty of shovel-ready infrastructure projects, but complained that stimulus money flowing through the states is taking too long to trickle down to cities.

"We need to get the money to us on a direct basis as quick as we can," Bing said.

Surya Mohapatra, CEO of medical laboratory operator Quest Diagnostics Inc., said the government should also spend more on long-term programs that train workers in the math- and science-oriented technology jobs of the future.

Mohapatra said he has hundreds of job openings "but I can't find the trained people."